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The **Management** **REVIEW**



JANUARY, 1944

COMMENT • DIGEST • REVIEW

M I D W I N T E R I N D U S T R I A L R E L A T I O N S C O N F E R E N C E

PALMER HOUSE, CHICAGO

FEBRUARY 9-10-11

Note the Implications of These Topics:

**TODAY'S WAR MANPOWER
OUTLOOK**

**NEW CLAUSES IN LABOR
CONTRACTS**

**THE FUTURE OF INCENTIVE
COMPENSATION**

THE OUTLOOK ON WAGE LEVELS

**PROBLEMS IN THE REEMPLOYMENT
OF VETERANS**

POSTWAR DEMANDS OF LABOR

**CURRENT COSTS OF PERSONNEL
ADMINISTRATION**

**LABOR PROBLEMS OF THE
RECONVERSION PERIOD**

AMERICAN MANAGEMENT ASSOCIATION
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UNDER the impact of war, the pattern of distribution in the United States has been changing steadily during the past two years. According to Burton Bigelow (see abstract from *Sales Management* on pages 21-22), basic shifts are occurring in markets, competition and selling methods. Marketing men who ignore these trends in the hope of a return to the 1937 status quo at the war's end will be left holding the bag. On the other hand, the changes now under way offer new opportunities to the management that weighs their implications accurately.

Private enterprise will be confronted by competition from more and more large co-operatives, unless it does something about cutting the costs of distribution, warns Mr. Bigelow. Other widespread changes may be expected in distributive outlets and distribution methods—e.g., expansion of chains and self-service stores; joint-distribution efforts by affiliated manufacturers; and “cross-raiding competition” (this last a new name for the “fence-hopping” of traditional product lines by both dealers and manufacturers). For at least a year or so after the war, it is believed, the present tendency among distributors to “de-specialize” and handle a diversity of products will continue. Another significant forecast is the demise of numerous gasoline filling stations, and conversion of others into auto, home and farm supply stores.

Sales managers should find it helpful to check their own companies' plans against Mr. Bigelow's check list of impending changes. Incidentally, on page 7 of this issue they will find his predictions of postwar distribution shifts supported in part by the results of a Conference Board survey of postwar marketing prospects and problems.

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January, 1944

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THE MANAGEMENT INDEX

General Management

The Outlook for 1944

IT doesn't take a crystal ball to figure out that the year 1944 will not be an easy one for business men. No matter what happens in the war, the coming year promises to be tougher than 1943. Perhaps it will be the worst of World War II.

This becomes increasingly evident in Washington as the outline of next year's war production program grows clearer. It will be a year of sudden changes, and a year when changes will come even harder than in the past because of the tightness of everything involved. Before the end of the year it seems likely that a fair percentage of American industry will execute an about-face and reconvert to peacetime production.

That last probability is being ignored by Washington programmers at this writing, however. Plans are being made for a full year's production as if there were no possibility of the end of the European war. The less said about an armistice in Europe, the better Washington would like it.

The reason for that, of course, is

that military men are running the war, and military men, by the nature of their profession, must be pessimists until the war is won. But business men needn't take such a gloomy view of the future. In fact, those who do not make prudent provisions for the advent of Germany's collapse might find themselves holding the bag.

But the government's war production program for 1944 doesn't leave much leisure for such planning. It calls for effort down to the last ounce to produce about \$70,000,000,000 worth of war materials—approximately 20 per cent more than will have been turned out by the end of 1943.

Changes ranging from small adjustments to complete turnabouts are scheduled for all three major categories of equipment—air force, ground force and naval. With some of these shifts already under way, the production program is gradually being adjusted to changing military requirements.

The biggest gain in output next year is predicted for aircraft. This program will be pushed to the utmost regardless

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of what happens in Europe. The plane makers have a virtual government assurance of steady and big production until the middle of 1945, barring a collapse of the Japanese as well as the Nazis before that time. Plane production, now in the neighborhood of 8,500 a month, will continue to increase.

The ground forces' supply situation for the next year is roughly forecast this way: they need less of the capital items such as tanks and most types of guns but much more of such expendables as ammunition. Thus the big increase in this program will be in ammunition. Another sizable increase will be in radio and radar equipment production. But production of tanks will continue to taper off, and gun output is likely to increase little or none at all.

The Navy's construction program, which like aircraft will undoubtedly be pushed as long as Japan remains in the war, is now undergoing some drastic alterations. With the decline in effectiveness of German U-boats, many orders for destroyer escorts, patrol craft and submarine chasers were canceled. The building ways thus released are being used for the construction of more ships designed for amphibious warfare.

That's a partial outline of the government's war plans for next year. Less definite is the question of production for the home front. If WPB experts have figured right, and if the distribution system doesn't get worse, there should be enough of civilian supplies the government says are essential. Beyond that, what happens in the field of civilian supplies depends upon three

things: manpower, materials, and government attitude.

Washington grows more and more pessimistic as time goes on over the prospects of freeing more labor for civilian production. Reports from what the bureaucrats call "the field" point to an increasingly tight manpower situation as the draft continues and as war production expands.

The raw materials outlook, which was gloomy a year ago, has brightened considerably. In fact, small surpluses of once rare metals now are beginning to pile up. Copper is one in this class. Aluminum is another. The alloying ingredients—nickel, vanadium, molybdenum—are in good supply now.

While the metals become more plentiful, however, a new field of shortages is developing and will be felt more and more on the home front. The most serious of these is in pulp and paper, which is being used in large quantities for wrapping and containers for overseas shipments. Lumber is likewise growing scarcer, along with some textiles and leather.

The third factor which tends to prevent the expansion of civilian output, government attitude, is a bit more difficult to assess. This much is true, however: the government is still conducting a gloom campaign in the belief that the nation will soldier on the job if it believes that victory is imminent.

All this indicates little prospect of any great increase in civilian production, at least until the war in Europe ends. Of the dozen articles the recent Gallup poll found to be the most wanted, the outlook seems to be:

Tires and tubes: None for non-essential drivers. A few for C-coupon holders and other essential users. Recaps will remain available for all.

Stockings: Silk and nylons are out for the duration. Rayon will remain in good supply.

Automobiles: No new passenger cars until Germany falls. Some trucks will be made for essential civilian use next year.

Refrigerators: A few gas and electric boxes may be made before the end of the war, but they'll go into new houses and apartments in overcrowded areas.

Washing machines: The pressure is on to produce a few to relieve the laundry pinch. It may succeed.

Electric irons: Same as washers.

Shoes: Rationing won't be liberalized for a long time, but non-rationed types will become more numerous.

Bobby pins, hairpins: Present shortages should ease as the pins now being made reach the market.

Stoves: A few will continue to reach the markets.

Kitchen utensils: Manufacture will continue, but selection will be slim.

Girdles, garters, elastics: Shortages will ease some time next year.

Radios: No new ones. There's hope, however, of more tubes for civilians.

The civilian supply outlook won't change a great deal in 1944 unless the European phase of the war ends in the early months of the year. It will take a matter of months for most plants to reconvert. Even after a portion of industry is converted—the Washington experts think the collapse in Germany will permit from 35 to 50 per cent of industry to reconvert—the home front can expect to wait a long time before it gets automobiles, vacuum cleaners, and the like. BY WILLIAM T. SHENKEL. *Commerce*, December, 1943, p. 15:2.

4:45 Solutions

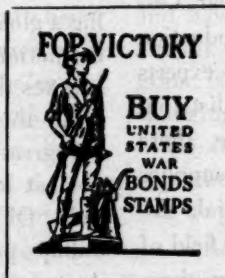
WARTIME problems require speedy solutions, and one way to get them is to follow the plan developed by the Springfield Bronze & Aluminum Co. Acting on the principle that "two heads are better than one," the company holds daily meetings of key men and executives for the purpose of arriving at quick solutions to daily operating problems.

Every day at 4:45 a brief conference is held. Problems of the day, or of the immediate future, are freely discussed. These may include labor or material shortages, production lags, labor relations, department troubles, etc. A decision is reached on the spot. Each member of this Operating Committee is then provided with a transcription of the previous day's notes, for ready reference.

The idea has three big advantages: (1) Exchanges of advice and opinion keep operations at peak efficiency; (2) each department gets a complete picture of plant conditions as a whole; (3) quick decisions spur production.

The results? Excellent, says the company.

—*Forbes* 11/15/43



Postwar Planning

Planning for Postwar Operations

SINCE postwar planning is essentially the adaptation of normal business planning to postwar problems, the elements that apply to the latter apply equally to the former. A program for business planning involves three elements:

- (a) Definition of the objective and scope of the planning operations.
- (b) Organization of the planning function.
- (c) Development of an effective approach or planning technique.

Among companies included in the survey on which this study is based, two general concepts of postwar planning were indicated.

One was a fairly limited concept. Here, in the interest of definitizing the assignment and expediting results, there was a tendency to restrict the field of activity largely to product development and market research.

The second concept is more comprehensive in scope. Companies in this category have included all phases of operations in their postwar planning programs. They see this as an opportunity to appraise all company policies and practices in terms of probable postwar conditions.

From a time standpoint, postwar planning activities may be directed at (a) problems calling for action before the actual end of hostilities, (b) problems related to the anticipated period

of transition to a peacetime economy, and (c) problems involved in long-range peacetime operations.

The nature and scope of any postwar planning program will depend basically on the nature and scope of the postwar problems to be met. A preliminary step in the development of such a program by any company, therefore, is to classify and evaluate its specific problems with the existing limitations in mind.

The organization aspects of postwar planning must be considered when the general scope of the planning activities has been defined and the specific problems identified. This survey showed three general plans of organization in use:

1. *Committee plan*—where one or more committees are made responsible for postwar planning. These may be new committees specially created for the purpose, or existing committees given this additional assignment. Sometimes the organization plan calls for a series of subcommittees.
2. *Individual assignment plan*—where an individual executive or department is specifically designated for this function. This may be a senior executive with company-wide relationships, such as a vice president or an assistant to the president or specialized executive or unit (such as those concerned with market analysis, product development, technical research, etc.). Sometimes this plan has involved the creation of a new executive position or department.
3. *Decentralized plan*—where the various operational or functional executives are made responsible for postwar planning within their own jurisdictions.

Each of these plans has advantages

under certain circumstances. One of the major advantages of a committee setup is the opportunity for the introduction of divergent and specialized viewpoints, knowledge and interests that this provides. Also, it facilitates coordination so that a fully integrated plan should result. On the other hand, committees often prove cumbersome and less efficient in securing results.

The individual assignment has the advantage of fixing responsibility more definitely and securing more specialized and consecutive performance. Unless carefully guarded against, however, this arrangement may produce an unbalanced program.

Examples of the decentralized plan are found most frequently in larger organizations with diversified products and lines of activity or with a wide geographical spread of operations. This arrangement may permit more adequate consideration of local or functional factors, but presents a difficult problem of coordination.

The decision as to the plan to be employed in specific instances depends on a number of factors. Among these are: (a) the specific objective; (b) availability of qualified personnel; (c) size and nature of the company's operations; (d) time factors.

By far the largest number of companies included in this survey were found to be employing committees in some form in their postwar planning efforts. In some cases there was a conscious attempt to avoid the committee designation, and sometimes the committee was supplemented by other agencies.

Where the responsibility for postwar planning is assigned to an individual executive or specific department, the principal distinction is whether such assignment is made to an executive with company-wide relationships, such as a vice president or general manager or assistant to the president, or to an executive or department with specialized functions. Under this arrangement the activity is likely to be on a full-time, continuous basis. Some companies have gone outside the organization and brought in an executive, often with no previous background in the company or industry. This tends to insure a thoroughly objective and fundamental approach to the problem. Usually the individual so selected has special qualifications in the field of business administration and management research. He is encouraged to question all current practices in terms of probable postwar conditions.

The decentralized plan of organization is employed in relatively few instances, probably because of the difficulty of securing an integrated program. This approach has sometimes been resorted to as an initial step to get some form of planning or forward thinking under way, with the idea of setting up a supplementary arrangement as the work progresses.

One of the large railroads has broken down responsibility for handling postwar problems among the department heads—e.g., operating, traffic, engineering, supply, public relations, agricultural development, commercial and industrial development. The industrial department acts as a clearing-

house and coordinating agency for these activities.

Because of the extent and diversity of its business, one of the large meat packers has decentralized its postwar planning activities, each executive officer being held responsible for his own division. Where a problem is of general interest and overlaps departments, coordination is obtained by a committee of the executive officers involved.

A frequently followed practice among the companies included in this survey is to employ some combination of the plans previously described. In most of these arrangements, committees have some place, but they are supplemented by or they themselves supplement individual or departmental assignments. In this way the best features of each method are retained and some of the principal weaknesses avoided.

In the projection and development

of a company postwar program, several types of approaches were reported by the companies included in this survey. These might be designated as:

1. General or educational approach.
2. Specific or individual project approach.
3. Statistical approach.
4. Alternative plan approach.
5. Scheduling or step-by-step approach.

In many cases the procedure followed does not conform strictly to any one of the above classifications, and several employed two or more approaches.

From a study prepared by the Policyholders Service Bureau of the Metropolitan Life Insurance Company.

(The various approaches to postwar planning are discussed extensively in this study, which is available upon request by executives who address the Policyholders Service Bureau of the Metropolitan Life Insurance Company, New York, on their business letterheads—Ed.)

Postwar Market Prospects and Problems

SALES during the first postwar year are expected to be greater than in 1941, according to about 25% of the companies taking part in a recent Conference Board survey, and about 13% believe they will exceed 1943 sales. About 39% and 56%, respectively, expect declines and 23% and 11% look for little change from 1941 and 1943 in sales during the first year after the war.

Major product changes from pre-war years are planned by 19%. About 8% plan changed organization and distribution methods, and 21% expect that there will be major differences in their postwar foreign trade as compared with their pre-war business abroad.

Chief postwar marketing problems are expected to be competition, rebuilding of sales forces, disposal of surplus inventories and equipment, pricing of products, winning back customers lost by war restrictions, and the equitable distribution to customers of restricted materials as they become available.

—The Conference Board Economic Record 11/43

• **AT LEAST** half our national business today is government business. One hundred and seventy-five bureaus, agencies, commissions, departments, divisions and subdivisions exercise control over war manufacturing. About 1,100 items of basic necessity in industry are covered by priorities, limitations, conservation and suspension orders.

—GLENN GARDINER in *Management Information*

A Planning Schedule for Postwar Studies

THE following schedule of projects may serve as a guide to manufacturing concerns which are undertaking postwar planning or are otherwise preparing to meet the changed conditions which will arise when the war has ended:

I. CAPACITIES AND CAPABILITIES STUDY

A. Production

1. Breakdown of manufacturing activities
2. Comparison of costs and gross profit dollars
3. Determination of high gross profit groups
4. Correlation between high gross profit per cent and type of manufacturing
5. Correlation between high gross profit and customer classes served
6. Study of reasons for high cost of products
7. Determination of which products contribute most to overhead

B. Research

1. Expenditures

- a. Pure research
- b. Plant improvements
- c. Customer application problems
- d. Development of new products

2. Comparison of (1) with resulting profits

3. Further breakdown of (1) and (2) by products

4. Comparison of (3) with company customer group

5. Correlation between activity and profitability

6. Relationship of years of (a), (b), (c) and (d) of (1)

7. Comparison of ratio of costs to company sales with that of entire industry's research costs to sales

C. Distribution

1. Analysis of company business

a. Breakdown of sales by customer class

b. Breakdown of sales by territories

c. Gross profit analysis of (a) and (b)

d. Sales of major products by customer class

e. Arrangement of major products in order of decreasing importance

2. Company's trade acceptance

II. FORMULATION OF OBJECTIVES

A. Does company want more business?

B. How much more business can company expect?

C. Possibilities of increasing health of its products

D. Which industries should company attempt to serve?

1. Current fields of distribution

a. Company's sales coverage by industries

b. Type of sales representative who may best serve the industries involved

c. Type of distribution to best cover industries served

d. Competitors' activities compared to company's

e. Company's ability to render technical service

2. New fields of distribution

a. Past sales inquiries

b. Recollections and impressions of research and sales staffs

c. Marketing field research

d. Development of contacts with public and private institutions

E. Is postwar business to be derived from same industries?

III. DEFINITION OF POLICY

—HAROLD E. THAYER in *Chemical & Metallurgical Engineering* 9/43

Office Management

Improving the Business Letter

FREQUENTLY a secretary is in a better position to evaluate the letters she transcribes and her boss' method of dictating than is the dictator himself. Much can be done to improve letter dictating if the following questions are given to your secretary, with a request for an honest appraisal of your dictation:

1. Is the dictation that you take smooth?
2. Does the dictator plan his letter before he calls you for dictation?
3. Is he interrupted frequently during his dictation?
4. Does he set aside regular daily periods for dictation?
5. If he is interrupted frequently, are these interruptions necessary?
6. How could these breaks be eliminated?
7. Is his enunciation clear?
8. Does he allow you to correct or improve his language?
9. Approximately what rate per minute does his dictation average (in words)?
10. At what speed per minute could you take dictation if your dictator adapted his speed to your maximum ability?

A group of secretaries were consulted and asked to criticize the technique employed by their dictators. The following list represents these criticisms, which can be pondered with profit by all who dictate:

1. Dictator should never allow his voice to fall at the end of a sentence.
2. Straight tone is better than one with inflections.
3. Don't go too slowly—phrase if possible.
4. Don't go too fast.
5. First think out what you want to say and follow the thought through.
6. Speak distinctly—especially if dictating into a dictating machine.

7. Watch your secretary for her rate of speed.
8. Don't get up and wander around the room. The voice does not carry clearly from all parts of the room.
9. Don't drum on the desk or do anything to distract the attention of your secretary.
10. If possible, dictate an entire paragraph before asking your secretary to read it back.
11. In using rare words, spell them out for the secretary. A dictionary should be used whenever in doubt and one made accessible on the desk of each stenographer and secretary.
12. Use clear-cut, simple sentences.
13. Realize that, for every hour of dictation, from two to three hours of transcription are required. Don't expect the impossible of a secretary.
14. Don't hesitate to ask for rough drafts of important letters.

The cost of writing a business letter is often overlooked. A suggested analysis of letter-writing costs follows:*

FORMULA FOR DETERMINING LETTER COSTS

A. Labor Costs (Measurable Elements)

1. Cost of dictation (\$2003, based on \$2,500 salary—10 minutes).
2. Cost of taking dictation (\$1002, based on \$1,250 salary—10 minutes).
3. Cost of transcription (\$2004, based on \$1,250 salary—20 minutes).
4. File clerk costs.
5. Mail clerk costs.
6. Messenger costs.

B. Supply Costs (Measurable Elements)

1. Carbon paper.
2. Typewriter ribbons.
3. Stenographers' notebooks.
4. Stenographers' pencils and pens.
5. Postage.
6. Stationery.
7. Office equipment depreciation and cost control.

* Benjamin R. Haynes and Harry T. Miller, *How Much Does It Cost to Write Letters?* (New York: The Gregg Publishing Company, 1941), p. 2.

8. Dictation equipment depreciation and cost control.
9. Filing equipment depreciation and cost control.
10. Miscellaneous equipment.
- C. *Overhead and Miscellaneous Costs* (Measurable under certain conditions).
 1. Supervisory costs.
 2. Leave costs.
 3. Power and light costs.
 4. Telephone costs.
 5. Heat costs.
 6. Janitorial costs.
 7. Rental of floor space.
 8. Insurance costs.
 9. Taxes.
 10. Repairs.
 11. Payroll taxes.
- D. *Immeasurable Cost Elements*
 1. Working conditions.
 2. Equipment and supplies.
 3. Psychological factors.
 4. Office services.
 5. Letter style.

After the letter is ready to be mailed, the secretary or stenographer should check it through carefully. She might ask herself these questions:

1. Is the general layout good?
2. Are the right-hand and left-hand margins even?
3. Are there any poorly made erasures?
4. Is the touch even?
5. Is the ribbon evenly inked? Is it too heavy or too light?
6. Are there any smudges?
7. Are there any letters out of alignment?
8. Are there any typographical errors?
9. Is the spacing even, or are some words or letters run together because of spacing difficulty?
10. Do any of the sentences begin with figures?

BY BENJAMIN R. HAYNES. *The Office*, November, 1943, p. 26:3.

Simplified Payroll Withholding Procedure

BY means of a numerical classification code stamped on employees' time cards by addressograph plates, plus a master payroll withholding table, one concern has greatly simplified and speeded up its payroll withholding procedure.

Under the method developed by the C. E. Erickson Co., Inc., of Des Moines, Iowa, employees are classified by two-digit numbers indicating their marital status and number of dependents. The first digit of the classification number shows the group in which an employee falls, as indicated on Form W-4, the Treasury Department's "Withholding Exemption Certificate." The second digit indicates the number of dependents. For example, No. 41 shows at a glance that the employee is a married person claiming all the exemption and having one dependent. Similarly, No. 23 tells that the employee is married, claims half of the exemption, and has three dependents.

The classification number is incorporated in the employee's addressograph plate from which his time card is prepared, so that the payroll department, when figuring the weekly payroll from the time card, can tell at a glance the employee's exact status without keeping a separate list of names and classifications.

Using these same numbers, a master withholding table was prepared, combining the five classification groups in the government's weekly payroll table. The payroll department can thus determine the proper amount to withhold by simply picking up the employee's time card, glancing at his classification number, and referring to the master table.

—*Business Ideas for Increasing Profits* (Prentice-Hall, Inc.) 10/18/43

Double-barreled Incentive

SOMETHING new in absentee antidotes is a New York company's idea of presenting a gift certificate to every worker who isn't absent for 60 consecutive days. The certificate is good for gift packages to be sent to men in service. Added attraction: It boosts Johnny Doughboy's morale to know his gift is the result of a war worker's staying "on the job."

—*Forbes* 12/1/43

Personnel

Advertising for New Employees

UNDER the spur of desperate wartime labor shortages, help-wanted advertising is expanding far beyond the normal confines of the routine notice in the newspaper classified sections. Employers are beginning not only to resort to newspaper display space, but are utilizing direct mail, local and network radio, car cards, outdoor posters and magazines. Indeed, all the techniques of attention-attracting and persuasion which characterized high-powered commodity copy in peacetime days are being adapted to the selling of jobs.

Once the exclusive province of the personnel manager, the preparation and placement of help-wanted ads is now moving into experienced advertising hands. Advertising departments and, in not a few cases, the agencies are coming into the picture in response to management's urgent S.O.S.

Display space in the newspapers has come into much favor in recent weeks. Many of the messages are simply enlargements of classified ads, but the growing trend is toward advertisements which, in both layout and copy appeals, closely parallel the patterns of the modern product message.

One of the most striking recent examples embodied the use of testimonials of satisfied workers, using photographs in conjunction with the comic-strip balloon technique. The ad was run by Johnson & Johnson to secure

women workers for its gas mask division. Statements included: "I say these are the best jobs for women in town!" "This is woman's work, and I love it—so will you!" Names of the testimonializers were given, along with a brief statement citing their length of service and mentioning the relatives that each has in the armed forces.

One of the most impressive lists of reason-why sales points yet to be seen in help-wanted copy appears in a large-space series being run by E. J. Brach & Sons. Included, in addition to the usual factors of good pay and permanence of job, are such points as free uniforms and free laundry; music while you work; home-cooked food at cost; credit union; "delightful air-conditioned rooms"; "sports, social activities, pastimes."

A limitation on the use of newspaper display, however, is the fact that, because of government paper restrictions, a number of big-city newspapers have discontinued accepting such copy, confining help-wanted ads to the classified columns.

Classified copy itself has undergone a remarkable metamorphosis. Principal trend is toward larger space and bigger type, but here again the paper shortage has come into the picture, with some papers finding it necessary to place a ceiling on the number of inches per ad. The messages them-

selves are much more given to attempts at persuasion than formerly.

Most radio activity is, of course, local in character, and spot announcements are the preferred type of program. Trouble is that spots are hard to buy nowadays. Some stations have set up participation programs for employment advertising, using recorded music to build the audience and interspersing 100-word announcements from various employers. Network time has been converted to employment purposes in a few instances, the advertiser substituting a help-wanted plea for his usual product commercial.

Direct mail is coming into increasing favor, since it permits a selective type of solicitation among prospects located near the plant or a convenient public transportation artery that reaches it. Where a relatively unskilled type of worker is sought, ease of getting to the place of employment is often the most powerful selling argument.

The mail campaign is usually directed to all homes in the immediate neighborhood and those within four blocks of car and bus lines leading to the plant. Using lists available from direct-mail houses, the piece is addressed either to the family, using a "Dear Neighbor" salutation, or to the man or woman of the house, using a one-line personalized fill-in. Some firms start with a test mailing of, say, 2,000, then release the others at spaced intervals to make for a steady flow of applicants.

Three types of mailings are used: (1) straight personal letter; (2) letter accompanied by a printed piece, usu-

ally a two-page sheet, giving additional facts about the firm and a map of its location relative to transportation facilities; (3) four-page letter, with a letter-type message in typewriter type on the first page and the other three devoted to further text and photos of working conditions in the plant. Trend is to tell and illustrate as much as possible about the job and the company.

Car cards have been used in numerous instances. Messages are concentrated along transportation lines leading to the plant, providing the advantage of reaching the most likely prospects.

Outdoor posters are beginning to blossom out with help-wanted messages, too. Numerous industrial firms have put help-wanted ads on the boards in several large cities.

Numerous miscellaneous media have been pressed into service—factory signs, house-to-house circulars, window displays (either on the firm's own premises or in vacant stores rented for the purpose). Winchester Repeating Arms Company issued a comprehensive booklet to sell the advantages of its employment. Westinghouse Lamp Division put on a puppet show in a public park to recruit women workers.

Personal selling is perhaps the most effective method of all, but it is usually too expensive for more than house-to-house canvassing in the immediate neighborhood of the plant. Several firms have adopted the idea of turning their present employees into a "sales force" to solicit their friends to come and work at the plant. Customary pro-

cedure is to offer an award—\$5 to \$10 in cash or War Stamps—for each new worker secured through a lead developed by an employee. The employee house magazine is a good way of putting over this plan.

Among the available advertising appeals, the pay scale obviously continues to rank as No. 1 in effectiveness. Opportunity to work in a war-essential industry is high on the list.

"No experience necessary" and the offer of training with pay rank high among currently strong talking points. Same is true of convenience of location, permanence of the job, and opportunity for advancement (stated as specifically as possible). The attractions of work that is "light" and "clean" appeal strongly to the feminine prospects. BY P. H. ERBES, JR. *Printers' Ink*, September 17, 1943, p. 20:6.

Sickness Absenteeism Among Industrial Workers

REPORTS on the frequency of sickness and non-industrial injuries causing disability for eight consecutive calendar days or longer among employees of various industries are issued regularly by the United States Public Health Service.

The present report compares the experience among males and females for the decade 1933-42. Attention is directed to the excesses shown for each year by the female rates for all causes and for each broad sickness group when compared with the corresponding rates for the males.

The male rate of 106.1 per 1,000 in 1942 for all causes is the highest recorded annual rate since 1933 and is 16 per cent greater than the 10-year average of 91.1. The female rate of 168.4 for 1942 for all causes is also the highest recorded annual rate since 1933, being almost 60 per cent greater than the corresponding male rate and 14 per cent in excess of the 10-year average of 148.1. For the males, each broad sickness group for 1942 shows a rate that has never been equaled since 1933, while for the females only the non-respiratory—non-digestive group is so characterized.

There are certain specific causes for the males which show for 1942 the highest rates for the 10-year period and at the same time yield relatively high excesses when compared with the corresponding averages for 1933-42. These causes with their excesses are pneumonia, 83 per cent; bronchitis, 44 per cent; and diarrhea and enteritis, 38 per cent. The corresponding causes for the females are diseases of the organs of locomotion except diseases of the joints, 85 per cent; pneumonia, 81 per cent; and neurasthenia, 41 per cent.

—W. M. CAFATER in *Public Health Reports* 8/13/43

Health Bonus

WORKERS at one New York plant are literally being paid to keep healthy. To encourage physical fitness, the company offers a \$10 bonus to employees who master a sport well enough to be able to participate in it, passably if not brilliantly. Workers may take up baseball, track, archery, tennis, bowling, even ping pong. One condition: It must be a sport they have never played before entering the factory.

—*Forbes* 11/15/43

Vultee Finds Out Why Workers Are Absent

THROUGH a comprehensive record-keeping system and study of underlying reasons for work absences, and through establishment of services which seek to eradicate conditions leading to absences, Vultee Field Division of Consolidated Vultee Aircraft Corporation has managed to keep its absentee rate comparatively low.

By making facilities for transacting workers' legal and financial business readily available, officials have greatly reduced the man-day loss which would otherwise be chalked up to "personal business." Such services include bringing to the plant several times each year deputy registrars, with whom employees may register for voting during lunch periods and after work, and income tax deputy collectors who make out workers' tax returns.

Through the company office, after-work appointments are made for individuals desiring drivers' licenses. The company arranges for obtaining new license plates; a company employee handles registration of workers' homes in federal rent-control areas; and a company service department helps workers obtain short-term personal bank loans. Notary publics are available at the plant without charge. Aid in other legal matters (traffic citations, wage garnishments, credit letters, etc.) is furnished so that employees may continue working without loss of time.

Transportation problems have received a thorough study, and a complete rider-driver file is maintained—

recording mode of transportation, residence zone number, etc., for each employee. When a worker requests a regular drive from a certain zone, drivers from zones on his route whose cars are not filled are contacted and a ride arranged. If the worker decides to drive and desires passengers, employees from zones along the route are contacted until the car is filled. Public transportation services have been procured from most surrounding towns. Bicycles for individuals residing near the plant can be obtained on application to the transportation office. Plant parking facilities are adequate.

Canteen, cafeteria and dining room facilities are available, and the Vultairian store, an employee-operated organization, carries merchandise and provides footwear repair, laundry work, and similar services. Vitamin tablets are offered employees at cost.

Still other miscellaneous services, such as advice on personal matters, are available. Group insurance, sick leave, and vacation plans have been instituted; and a complete plant hospital treats employees for minor ailments, thus cutting down the illness absentee rate, greatest cause of work absences at the plant.

Aid is available in locating nursery facilities for workers' children. Help is also provided employees in dealing with draft boards and filling out Selective Service forms.

An employee completing two years' continuous service with the company

receives a two-year pin. A ruby is inserted for each five years of service. The aim of the award is to give workers a feeling of "belonging" to the organization and arouse in them the desire to set an example for newer employees.

Absenteeism charts are issued to all departments for comparison and for encouragement of a competitive spirit. A systematized method of recording absences, beginning with the worker's original telephone message reporting his proposed absence, has been devised. Ready reference forms are maintained, giving name of worker absent, department and number, absence date, reason for non-appearance, and approximate date of return. Weekly absenteeism rates are summarized by percentage of men and women as well as total average absentee rate. Monthly reports providing a breakdown of reasons, daily percentage-of-absence charts, etc., are compiled. When an employee is out

several days because of illness, he receives a card from the company picturing a Vultee plane and reading:

*Each one individually
And all of us, too,
Hope it won't be
Long before you're back
"Getting 'Em Into the Blue."*

A second card, carrying a message of good wishes, is sent to those out with prolonged illness.

A practice of pulling the clock cards of absent employees and giving them to the foremen has proved successful in making employees think twice before absenting themselves. Before a worker can pick up his card from the foreman to punch in, he must obtain a release from the plant hospital if his absence was due to illness. If he states that he was not absent because of illness, he must give another excuse. This enables foremen to keep close track of workers under their supervision. *Mill & Factory*, August, 1943, p. 99:2.

Mill Sets Up Cannery for Employees

WEST Point Manufacturing Co. has opened a modern cannery, with a capacity of 5,000 cans daily, for the use of its employees.

The company employs a graduate canning expert, an assistant, and two janitors, besides furnishing electrical power, equipment and water to can the meat, fruits and vegetables grown or bought by the employees (who pay for their own cans).

The cannery ties in with the war effort, conserving foods that might otherwise go to waste.

—*Textile World* 9/43

Jobs for Expectant Mothers

THE Minneapolis Knitting Works, tapping an unusual new source of woman-power, is advertising for expectant mothers "who are worrying about the critical shortage of baby garments." The women are given work they can handle while seated. When they leave, the company "showers" them with an infant's layette. The first ad was answered by eight women, of whom five were hired.

—*Forbes* 12/15/43

Production Management

Case Histories of Manpower Utilization

PRESENTED here are some typical examples of effective manpower utilization. In some of these cases the services of WMC Manpower Utilization consultants were sought, while in others the companies and communities conducted their utilization programs unaided.

An eastern munitions plant, faced with the necessity for building up its labor force to 2,000, encountered difficulty in maintaining employment even at current levels. It was losing an average of 42 employees a day. An inadequate housing situation was aggravated by the hostile attitude of the community, which feared that new residents would fail to comply with city regulations concerning conservation of water and garbage disposal. The inefficiency of the plant was reflected in a muddled timekeeping system and payroll procedure, apathetic personnel policies, and grossly inaccurate ES-270 reports.

After a survey of the plant, manpower utilization consultants recommended that: (1) new executive personnel be hired; (2) an employee be charged with the responsibility for determining the availability of housing accommodations in the community; (3) no clearance be accepted except where housing was available; (4) an employee be assigned as liaison officer between the plant and its employees and the community, so that all sources of friction could be removed; (5) a

new ES-270 report based on a complete review of needs be submitted, and a full-time representative of the USES be placed in the plant to keep daily records of exact needs; and (6) careful exit interviews be inaugurated.

The recommendations were accepted and put into effect with the following results: absenteeism has dropped remarkably; turnover has declined; separations have decreased from 42 to 12 a day; and the working force has been increased by 1,000, with a real possibility of reaching the desired 2,000 goal.

* * * * *

Following a two-day survey, Manpower Utilization consultants assigned to a midwestern drop-forge plant persuaded the management to make several important changes which have resulted in more efficient use of the labor force. These recommendations included: (1) assignment to a new factory manager of some of the responsibilities of an overburdened top management; (2) addition of 10 maintenance men to carry out a detailed safety program, which had been completely lacking, and to improve working conditions; (3) more emphasis on exit interviews to reduce the number of quits and discharges; and (4) strengthening of the personnel department with additional employees to improve personnel practices.

A company under contract to build ship sections filed manning tables with WMC. When the contract was terminated abruptly, several hundred workers were released from the steel-fabricating departments. At the same time, new contracts were approved for the building of wooden freight cars. After careful analysis of individual work histories, a large number of the men who had been working on ships were found capable of working on the wooden freight cars and also in the plant's bomb department. With the aid of the manning tables, 400 transfers involving 18 separate departments were effected.

* * * * *

In a food-dehydrating and -canning plant, a Manpower Utilization consultant studied production methods to ascertain whether more women and older workers could be employed. He found filled cans being moved through a number of operations in hand trucks and suggested installation of a conveyor system. A month later he visited the plant and found the conveyor system operating efficiently. At one point a 67-year-old man is now doing work that formerly required four young operators.

* * * * *

An eastern aircraft parts manufacturer increased the number of women employees in his establishment 500 per cent between September, 1942, and May, 1943. A joint labor-management committee made an analysis of every job in the plant and compiled a list of the jobs which women could handle. Men were shifted from these

jobs to work thought suitable only for men, and women were hired as replacements.

The shift meant that men were placed in jobs involving heavy lifting and harder work, but they moved voluntarily and with the approval of their union to make room for the women workers. The change is only for the duration; the women understand this, and many will leave at the end of the war.

Some operations had to be reengineered to make them suitable for the inexperienced women workers, since many of the women had never filled industrial jobs. Through redesigning jobs it has been possible in the case of some operations to replace 10 men with eight women and two men.

* * * * *

A midwestern manufacturing concern employing several thousand persons reduced its absenteeism rate from 10 per cent to between 3 and 4 per cent from January to June, 1943.

To effect this reduction, the plant has had gasoline, tire and shoe rationing as well as medical, beauty parlor, housing, and other facilities established at the plant with full-time attendants.

Each day absentee reports are sent to a special employment department interviewer. If an absentee fails to call the interviewer, a notation is made on a card which is retained in the employee's record folder. If he calls the interviewer, the reasons given for the absence are posted on the card. All employees who are absent for three or more days and fail to call in are considered automatic quits.

An absentee record card calendar showing the 12 months of the year is placed in each employee's folder, with each absence indicated thereon. At the end of each week the worst offenders are called to the employment department to discuss their absenteeism with the special interviewer.

Supplementing the above program, "presenteeism" awards are made on the following basis:

Women: Six weeks' perfect attendance—\$3 in trade at the plant beauty

parlor. For each successive week without an absence, \$3 additional. However, if the employee is absent for one day, she must start a new week.

Men: Similar amounts in merchandise—sporting goods, pipes, etc.

For departments making the best showing, the company buys blocks of seats in the large downtown theaters once a month.

Manpower Review. October, 1943, p. 14:2.

Industry on Guard

CONTROL of fire, which at any moment may break out and sweep through a war plant, is being achieved by constant vigilance aimed at preventing fire from starting and at putting out fires that do start as quickly as possible.

Organization, training and supervision are the watchwords of industrial fire safety programs, especially in these days.

More and more, employees are being asked to help wage the war against fire's waste. They are being asked to accept additional responsibilities, to study their jobs to learn how fire can be prevented, and to take the time to learn how to fight fire. Their organization into fire-fighting groups depends upon conditions in the individual plant. In some factories and mills, men in each department are organized into a fire brigade. In other plants, a central brigade, drawing men from various

departments, functions as a fire-fighting unit. In still other organizations, a combination of these plans is followed in organizing manpower to fight fire.

The foreman or supervisor is usually captain of the departmental brigade. He may have a lieutenant as his aide. The men in the brigade are given definite assignments. Some comprise a fire-extinguisher brigade. Others lay standpipe hose. Still others may be given the job of closing windows and fire doors, shutting off power, or standing by sprinkler valves. In most cases an alternate is provided, so that if one man is absent when a fire occurs there will be a trained man to take his place.

The central brigade may be composed of full-time firemen, or regular workers. Generally, they have apparatus at a central station that is taken to the scene of a fire to supplement the equipment which may be on hand.

The plant fire chief is in charge of whatever over-all organization exists. He administers the work of the department, supervising inspections, checking the condition and location of fire-fighting equipment, and supervising the training of the plant fire-fighters.

The instruction of plant firemen is of paramount importance, of course. At the National Cash Register factory, Dayton, Ohio, there are 600 men in the fire department. They undergo periodic instruction and drills. These men come from all sections of the plant, where their training makes them invaluable in preventing fires and in attacking them promptly when they do start.

Plant fire brigade members at the American Optical plant, Southbridge, Mass., become familiar with the protective system by taking turns at making the weekly fire inspection, a tour which entails a nine-mile walk through the plant.

At the Bausch and Lomb plant in Rochester, N. Y., firemen have supplemented the training they receive on the

job by attendance at classes of the Rochester Fire College, operated by the city fire department.

At the Bibb Manufacturing Company plant, a manual containing tips on fire safety is distributed to workers. One of the statements in the manual is, "The world's best safety device is located an inch or two above the eyebrows."

Close cooperation exists between many private fire companies and the public fire departments. At the Leland Electric plant, Dayton, Ohio, two members of the public department are on duty, alternating so that sometime during the day or night, for 16 hours, the plant has the benefit of this additional protection. The duties of the firemen are to check hazards, train fire squads, and inspect fire equipment. They gain experience in plant protection, and the plant benefits from having the city department thoroughly familiar with the plant layout, hazards and protective system. BY LEONARD F. MAAR. *Safety Engineering*, October, 1943, p. 12:3.

Electrolux Corporation Ride-Sharing Plan

DETAILS of a successful ride-sharing plan for an industrial plant were recently released by the chairman of the board of Electrolux Corporation. As installed in the corporation's Old Greenwich, Conn., plant, it has eliminated managerial guesswork in certifying employees to ration boards for extra gasoline and tires.

The heart of the plan, and the secret of its rapid and efficient operation, is a wall chart and a large, detailed map. The garage location of each car is shown by a pin which is colored to indicate the driver's working shift and bears the car's serial number. The wall chart has six columns for listing the car's serial number, the driver's name, and the name of each passenger he carries.

When a new employee applies for a ride, it is easy for the clerk to locate the car nearest the new worker's residence which has space available on his shift. The clerk gives the driver's name, address and department to the applicant, and

the applicant's name, address and department to the driver. When the two have succeeded in making a satisfactory arrangement, the applicant returns his, or her, form filled in with the driver's name, and the records are made to conform.

The only additional work required is checking the records weekly against the turnover lists, in order to drop those who have left the company and reassign drivers or riders as may be necessary.

An important feature of the plan is the marking plate attached to each ride-sharing car, bearing its serial number and the company's trademark. The plates were first issued at the request of a number of women in the plant so that they might quickly identify the cars scheduled to pick them up during the early morning hours. The markers make it easy for riders to locate their respective cars in the parking yard when a shift goes off duty; and they publicly mark each car as an official driver car entitled to consideration for additional gasoline and tires.

The plan was put into operation after the employees had filled out questionnaire cards (which constitute a permanent record). On the basis of the answers furnished, the cards were separated into five groups, each filed alphabetically: those who walked, those who used busses or trains, those who rode in cars, those who drove cars, and those who wanted a ride. The map and wall list were prepared from these cards.

—Supervision 10/43

Making Better Use of Present Personnel

WORK done until recently by 368 employees is now being performed efficiently by 165 employees in 12 operations of the Brown Company's big pulp and paper mill at Berlin, N. H. That's a net manpower saving of 55 per cent in the departments involved—a saving of above 10 per cent for the mill as a whole, since total employment there runs about 2,000.

The saving of the services of 203 workers at the Brown mill was accomplished by a combination of improved management practices and the expenditure of \$220,170 for labor-saving production and handling equipment. For example, when the Brown management sharpened its pencil and went to work it found that three watchmen could do the work of eight. This was accomplished by relocating the watchman's house and installing a remote-control gate-opening mechanism. One watchman per shift now handles both entrances to the mill, one for trucks and one for employees. Cost, \$1,400.

At no cost whatever, the number of employees necessary to run the towel department was reduced from 30 to 18 by switching from three-shift operation, five days a week, to two shifts a day, six days a week. A production plan, devised to increase efficiency under present government production restrictions, made the change in shifts possible. Brown took advantage of an opportunity which many a management might easily have overlooked.

The elimination of much manual labor in reclaiming wood from pulp piles was accomplished by the purchase of a crane and grapple at a cost of \$9,959. Thirty employees now do the work formerly done by 54.

—Factory Management and Maintenance 11/43

• **INDUSTRIAL PURCHASES** of new safety equipment this year will total about \$100,000,000. Among the major items are 9,000,000 pairs of goggles, 6,000,000 pairs of safety shoes, 4,000,000 respirators, 1,750,000 hard hats, 1,000,000 face shields, and 1,000,000 welding helmets.

—Business Week 10/23/43

Marketing Management

Trends in Postwar Distribution

OUT of a potpourri of competitive, economic and social forces, definite changes in distribution will emerge in the postwar era. The more probable expectations may be listed as follows:

1. Expect more large cooperatives. City folks don't come in contact with cooperative stores to any great extent. But farmers in New York State, for example, are acquainted with the Grange League Federation, a feed, fertilizer and farm supply organization which makes as much feed per month as most United States feed mills put out in a year. A similar organization, known as Eastern States, sells in New England; and another, Southern States, in the South.

In Kansas City a large general merchandise farmers' cooperative handles almost everything; it owns its oil wells and refineries, and carries on a vigorous campaign against private distributive agencies.

There are many more worth watching. Unless private enterprise does something to cut the cost of distribution, these cooperative distributors will multiply.

2. Expect widespread expansion of chains and company-owned and leased outlets. Without claiming any inside knowledge, I predict a heretofore unmatched increase in the aggressiveness and number of stores owned by such

groups as Sears Roebuck, Montgomery Ward, Western Auto Supply, Gamble Stores, etc.

The large petroleum companies look forward to a new type of car, smaller, lighter, using high-octane gas, with sealed lubrication, even sealed "operation." This means that numerous filling stations now disappearing will never return. It means that the big corner location stations will be converted to auto, home and farm supply stores, with greatly broadened lines of merchandise and a much wider range of service.

3. Expect more "self-service" stores. Large-scale experiments in this direction already have been carried on—not only in groceries and foods, but in such widely different lines as women's apparel and phonograph records. These stores may be the next significant development in reducing the cost of distribution. However, if unemployment again becomes a major national problem, public sentiment may demand a return to the flesh-and-blood salesperson to replace self-service, just as dial phones were unpopular when their adoption threw telephone operators out of jobs.

4. Expect manufacturers to assume more responsibility for retailer merchandising. Watch numerous manufacturers follow the General Foods sales pattern—a merchandising-selling

group to contact every retailer twice to four times a month (this group teaches selling to salespeople, sets up displays, handles Saturday sales, and becomes, in effect, a sales service unit or merchandising counselor).

5. Expect the wildest competitive scramble for distributive outlets ever witnessed in the nation's business history. With the excess manufacturing capacity developed by war needs, it is only natural to expect that the greatly increased volume of civilian goods will result in fierce competition for the consumer's dollar. But the business Battle of the Century will be the fight for distributive outlets. The "dealer you left behind you" in 1941 will not have a light burning in the window for your return. Dozens of manufacturers will seek his favor; more alluring franchises will be offered to him. The only safe policy is to plan a dealer or jobber arrangement so profitable and enticing that it can be sold widely (by the right type of salesman) wholly on its merits. Your old dealers still may love you but they will nevertheless leave you—by the hundreds—if you can't match competitors' offers. (This highlights the special postwar need for salesmen who can sell new dealerships—the promotion-minded, deal-selling type of men who know how to get distribution. *You can't rely on the pre-war type of dealer-service salesman to secure new distribution in the highly competitive postwar era!*)

6. Expect widespread "fence-hopping" and "cross-raiding" of tradition-

al dealer lines. For at least a year or two after the war, it seems likely that the present tendency of retailers to "de-specialize" will continue. The old vaudeville version of the store which sold "Hay and Underwear" may become literally true. When the distribution situation settles down, this tendency may reverse itself.

7. Expect joint-distribution efforts by affiliated groups of manufacturers. Postwar confusion in distribution and the wild scramble for outlets will provide a ready-made opportunity for non-competing manufacturers with related interests to establish their own outlets, or to formulate a distribution plan under which three or four related lines are sold as a unit to retailers. Such a deal will decrease manufacturers' selling costs; increase retailers' possible unit-of-sale and unit-of-profit; enable several manufacturers to combine in "ensemble" advertising, selling and merchandising. For the smaller manufacturer or the maker of single items, this is a logical selling plan, enabling the cooperating group to compete with larger organizations in advertising, in size and effectiveness of their sales force, and in merchandising efforts to aid the dealer.

Not all these changes will become permanent parts of the nation's distribution pattern. But they seem certain to persist, in greater or lesser degree, for some months, perhaps even years, after the war. BY BURTON BIGELOW. *Sales Management*, August 1, 1943, p. 18:4.

Changes in Sales Territories

WARTIME shifts in the geographical distribution of national income, the Department of Commerce shows in a current analysis, have followed the pre-war trend to a startling degree. The share of the national income going to the New England and Middle Atlantic States has decreased during the war, as it did in the pre-war decade, while the South and the Pacific Coast have increased further the proportion they receive.

New England, for example, received 8.22 per cent of the national income in 1929 and 8.07 per cent in 1940. Its share in 1942 had fallen to 7.69 per cent. Similarly, New York State obtained 17.53 per cent of national income in 1929 and 15.74 per cent in 1940. Last year the Empire State accounted for only 13.56 per cent of the nation's income.

By contrast, California accounted for 6.32 per cent of the national income in 1929, for 7.32 per cent in 1940, and for 7.66 per cent in 1942. The South Atlantic States as a group accounted for 8.22 per cent in 1929, for 10.21 per

cent in 1940, and for 10.83 per cent in 1942.

These figures paint a different picture from that which most people have visualized of the pattern of wartime changes in regional income distribution. Instead of a changed pattern, we have merely an acceleration of pre-war trends in the distribution of the nation's income. Hence, the Department of Commerce concludes, drastic reorganization of nationwide sales organizations is needed only "where pre-war marketing areas had not been kept abreast of secular trends of income distribution."

Demobilization will tend to reverse the economic trends of the war period to some extent and will hit particularly areas near Army camps and other military installations. Over the longer run, however, a restoration of the wartime pattern of the geographical distribution of national income is to be expected, for that pattern conforms closely to the trends of the pre-war era. *The Journal of Commerce*, December 30, 1943, p. 4:1.

Savings Achieved Through Container Re-use

IN some fields of business, re-use of containers is a practice of long standing. In the dairy, soft drink, and brewing industries, for example, the average bottle is re-used between 20 and 100 times. In the case of the dairy industry, milk bottle exchanges, with

complete facilities for collecting, washing, sterilizing and returning milk bottles, wooden cases, and metal cans to their owners, have been set up by dairymen in the principal cities of the United States.

Within the past year, numerous in-

dividual business concerns, on their own initiative, have taken steps to re-use existing containers in order to avert wartime container shortages.

A candy company has salvaged and re-used 600,000 corrugated containers and 500,000 chipboard boxes.

A grocery company has salvaged and re-used more than 3,500,000 corrugated containers.

A mail order house between February 1 and May 21 of 1943 made more than 575,000 individual shipments to its stores in re-used containers.

A meat-packing house has developed complete cooperage facilities for washing, sterilizing and reconditioning around 2,000 barrels a day for re-use.

A soap company is re-using more than 300,000 used burlap bags and wooden tierces, tubs and barrels.

A printing corporation is now shipping millions of printed labels and wrappers in fiber containers, which the customers return for re-use. Some of these containers make as many as four or more trips.

A toothpaste company has returned to its package suppliers for re-use more than 300,000 corrugated and chipboard containers, the latter together with the partitions used in them.

At present, the War Food Administration of the Department of Agriculture is successfully carrying out a program to encourage salvage and re-use of fresh fruit and vegetable containers and egg cases. Producers, shippers, distributors, retailers, restaurant and hotel keepers are cooperating by using all possible care in handling the food containers they receive so that they can be re-used.

The War Production Board's Container Re-use Program is designed to bring about the urgently needed expansion and intensification of such efforts as have already been made. The measure of its success will depend upon the extent to which American business men participate in the program, and the imagination and ingenuity they exert in exploring the re-use possibilities of all types of containers in their particular lines of business.

Moving Idle Shipping Containers

TO relieve the shortage of fiber shipping containers, the Grand-City Container Corporation, New York, has addressed a circular letter to its customers, requesting them to check their inventories for obsolete new containers and offering to help them dispose of them. The letter reads in part:

We have heard of many cases where container users have, because of wartime restrictions or for other reasons, discontinued or greatly restricted the manufacture of certain items of merchandise for which shipping containers had been previously purchased and were never used. You may have certain sizes which you do not need. Other customers of ours may have sizes which you desire. Our Company will gladly act as a clearing house to exchange or dispose of such surplus containers.

Furthermore, if you have any substantial accumulation of shipping containers which cannot be reused, we can also arrange to have waste dealers pick up the same at your place of business.

Here is an excellent idea which, if adopted by a sufficient number of manufacturers, should result in locating large numbers of fiber containers in idle and frozen inventories and putting them to use. Manufacturers who locate any containers which they are unable to dispose of are urged to send the list to the Redistribution Officer of the nearest District Office of the War Production Board.

Financial Management

Protection Through Postwar Reserves

AMONG the financial reserves which industry should set aside to provide adequately for the postwar period, the following are perhaps most important:

1. Normal and accelerated depreciation and obsolescence.
2. Amortization of plant facilities—especially excess and high-cost facilities.
3. Depletion.
4. Deferred maintenance.
5. Inventory losses to be absorbed by contracts terminated with inventories in process.
6. The cost of reconversion of plants to peacetime production.
7. Possible losses in accounts receivable, especially from subcontractors.
8. Anticipated charges against income as a result of contract renegotiation.

Other reserves, formerly not generally recognized, which may be required include separation allowances and the cost of rehiring and retraining war veterans. We shall also have to cope with the losses incurred in disposing of inventories not required for peacetime operation; and we may have to bear the cost of moving closer to new markets. Further, we should provide for such future expenses, when not funded, as pensions, accidents and hospital expenses, and capital losses resulting from the dismantlement of marginal facilities now devoted to war production. There will be other contingencies, as well as the interesting problem of providing the cash we may need to purchase government-owned plants now being operated as war

measures. Just how is that cash to be provided—by short-term bank borrowing, long-term funded debt, sale of stock?

The matter of depreciation presents a rather difficult problem. Property-plant facilities represent approximately one-third of the total value of assets of all corporations, and over two-thirds of the investments of stockholders. Under current conditions, the flow of funds from the depreciation account into working capital is greater than the flow of funds from working capital into plant, particularly with the war construction program either completed or very close to it. Hence we are witnessing a sharp increase in working capital, but it must be realized that this is really "money owed to plant." This "liability to plant" should be appraised now, and there is a specific need for segregating the funds derived from this source for the express purpose of meeting the required postwar expenditures for plant and equipment.

From an address by Oscar N. Lindahl before the Controllers Institute of America.

NOTE: Mr. Lindahl's paper discusses the subject of postwar reserves, including reserves for deferred maintenance, in considerable detail. It appears in *Postwar Reserves*, one of a series of special pamphlets reporting the proceedings of the 12th Annual National Meeting of the Controllers Institute of America. Available at 50 cents from Controllers Institute of America, 1 East 42nd Street, New York 17, N. Y.

"Crash Balance Sheets"

RECOGNIZING the far-reaching effects that the end of the war would have upon their financial position, some corporations are now preparing each month a "crash balance sheet" to show how contract termination might affect them. Managements can thus visualize more readily what the financial position of the enterprise is likely to be if the war should come to a sudden end, and thereby plan more accurately for the transition period.

As yet, "crash balance sheets" must be prepared on a highly tentative basis. Until contract termination policies have been determined, for example, it is not possible to make precise provision for the cash payments to be received and for the disposition of the equipment and materials that will no longer be needed for war work. Severance pay for discharged employees looms as a particularly important item in industries like aircraft manufacture, but it

is not known as yet what will be required in the way of such payments and whether the government will assume part or all of the liability.

Nevertheless, the preparation of a projected balance sheet, however tentative it may be, to reflect the probable impact of the war's end, is one way to place planning for the transition period on a down-to-earth basis. It should help make clear the identity and the magnitude of the problems that will confront management when the time comes. Armed with such estimates, management is in better position not only to plan requisite financial measures but also to help guide government agencies in the formulation of sounder policies to govern contract termination, disposal of government surpluses, and the reconversion of industry to a peacetime basis. *The Journal of Commerce*, December 20, 1943, p 4:1.

AMA FINANCIAL MANAGEMENT CONFERENCE

The Financial Management Conference of the American Management Association will be held on Wednesday and Thursday, March 1-2, at the Hotel New Yorker, New York City.

Insurance

The Beveridge Plan and Workmen's Compensation

THE fundamental principle of the Beveridge Plan is uniformity within broad classes of beneficiaries—uniformity of benefits, contributions, administration and security. But Sir William departs from this formula when he makes recommendations for the compensation of disability or death caused by industrial accidents or disease. Here he suggests markedly higher benefits and contributions, although he recognizes the "... anomaly of treating equal needs differently and the administrative and legal difficulties of defining just what injuries were to be treated as arising out of and in the course of employment" and says that "A complete solution is to be found only in a completely unified scheme for disability without demarcation by the cause of disability."

Sir William notes, as a ground for its continuance, the fact that workmen's compensation related to wages has been established for over 40 years, and advances three arguments "on merits":

"First, many industries vital to the community are also specially dangerous." He believes that prolonged or permanent disablement or death caused by employment in those industries should be compensated on the basis of earnings rather than by payment of the subsistence minimum generally provided in the Plan. It is implied that wages in such industries are related to

hazard. But he bows to expediency by approving the payment of workmen's compensation benefits based on wages in all industries and occupations regardless of hazard. "Second, a man disabled during the course of his employment has been disabled while working under orders." "Third, only if special provision is made . . . would it appear possible . . . to limit the employer's liability at Common Law." The second argument on the merits is not elaborated, and it is difficult to accord it any weight. The third is an appeal to expediency.

"On balance," says Beveridge, "the reasons for distinguishing between accident and industrial disease in any employment and other causes of injury, at least where death occurs or disability is prolonged, outweigh the reasons on the other side in favor of complete uniformity." I suggest that Sir William, confronted by the fact of special provision for workmen's compensation and its precursor, the common law of employers' liability, realized that, as a matter of practical politics, further special provision would be necessary to make his Plan acceptable. And he is much more of a realist than many think.

The benefits to be afforded by the Plan in the case of disability or death caused by industrial accident or disease are the same as those due to other causes, with the following variations:

1. Two-thirds of wages, subject to a maximum of £3 per week and a minimum of the general disability benefit, are to be paid during that part of any period of total disability extending beyond 13 weeks, or proportionately for partial disability.
2. In the case of fatal injuries, an additional lump sum is to be paid to any person "wholly or mainly dependent on the deceased workman."

It is proposed to meet the cost of compensation by distributing it among employers, employees and the State at the same rates for all industries, except that two-thirds of the excess cost in hazardous industries is to be levied on the employers in those industries. Sir William justifies this levy, which is a departure from his theory that contributions should not vary with hazard, on the ground that it will promote safety measures in the hazardous industries.

What are the implications of this proposal? In Great Britain it means liberalization and broadening of compensation benefits and placing responsibility for their security and administration in the hands of the State. It would probably mean higher costs even if the anticipated savings in administrative costs were realized, would eliminate private insurance of workmen's compensation, and would do away with the administrative functions of the employer and of the private insurance carrier.

The closest approach to the Beveridge Plan that we have in the United States is embodied in the Wagner Bill; in Canada, in the Marsh Report. The Wagner Bill reduces its benefits by the amount of any compensation benefits, in effect excluding from its benefits those who receive equal or greater cash

compensation benefits; it excludes entirely from its provision for hospitalization and medical care anyone receiving or entitled to receive such benefits under workmen's compensation. The Marsh Report recommends continuance of the provincial schemes of workmen's compensation.

If the Beveridge Plan were to be adopted *in toto* by the United States or Canada, its principal effects upon workmen's compensation would be realignment of benefits, with emphasis on long-continued disability, substitution of national for state or provincial administration, substitution of national responsibility for private insurance and state or provincial funds, and merging of services and benefits for shorter temporary disability and medical care in the general scheme.

But such adoption is in the highest degree improbable. Wagner and Marsh, with the Beveridge Plan before them, have recommended schemes which, to the extent that they propose to provide compensation for industrial injuries, do so by supplementing present provisions. They too seem to be aware of the deeply rooted workmen's compensation system and, whatever their leanings toward uniformity, hesitate to revise it. They do not even go to the lengths suggested by Beveridge, who, in considerable measure, integrates compensation for industrial injuries with his general scheme. And one notes throughout the American plans the dominance of the compensation theory of adjusting benefits to wages.

I hesitate to prophesy what ultimate effect Sir William's report will have on

legislation in the United States or Canada; I believe that it will be in the nature of broadening and intensifying interest in social insurance rather than in inducing copying of his model. In the specific field of workmen's compensation, I look for little immediate effect, largely because we have already advanced so much further than Great Britain in liberality of benefits, specialized administration, and require-

ment of security. Perhaps the principal opportunities for development are in the extension of compensation benefits to classes of employees not now covered and in the improvement of rehabilitation practice.

From an address by RALPH H. BLANCHARD before the International Association of Industrial Accident Boards and Commissions.

Survey of Books for Executives

Fluctuations in Income and Employment. By Thomas Wilson. Sir Isaac Pitman & Sons, Ltd., London, 1942. 213 pages. \$3.00. (Available from Pitman Publishing Corporation, New York.)

*Reviewed by Elmer C. Bratt**

This book is comprised of two parts. The first is a review of trade cycle theory, and the second is a study of cyclical fluctuations in the United States from 1919 to 1937. Although useful observations on recent theoretical conceptions are made in the first part of the book, the business man who has been unable to give much attention to such theoretical discussion would be well advised to read simpler presentations before tackling this sec-

tion. The second part, however, is not so theoretical as to present great handicaps to the thoughtful reader.

The major conclusion derived in the theoretical section is that interest rates do not fluctuate widely enough to equate savings and investment. This may or may not be true. In any case, Wilson finds it impossible to devise a scheme whereby a greater fluctuation in the interest rate would produce stability. Too much attention has been given in business cycle theory to forces which cannot be directly applied to the processes of economic change.

The variable effects of wage policy are well stated at different points in the text. The fact that a reduction in wage rates may be either expansionary or restrictive is adequately defended. This conclusion is only a starting point. What we need to know is under what circumstances a change in wage rates

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is wholesome in the practical world.

A major weakness of the analysis is the failure to realize that in using quantitative data it is necessary to employ measures symbolic of processes rather than to measure the causes directly. Generally speaking, motives which are responsible for decisions cannot be measured. No means has been found for stating quantitatively the forces which made business men so reluctant to make new investments in the Thirties. The 1937 downturn is directly related to a reduction in federal expenditure, but the setting in of recession at so low a level of activity is founded on much more fundamental forces.

Postwar readjustment is dismissed with the passing remark that: "It is only necessary to avoid the extreme folly of the years which followed the last war, when many governments first allowed the war-time inflation to continue and then tried to return with the utmost speed to financial orthodoxy, in the odd belief that a sharp deflation was an essential preliminary to normal prosperity. If deficits are reduced only as private demand increases, a postwar slump need not occur at all." The problem of postwar adjustment is far more complicated than that. Among

other factors, it is extremely important that business men begin now to lay plans for postwar production.

Wilson concludes that "... in view of the grim events of the past and our increased experience in state intervention, we should regard the control of the trade cycle as a permanent function of government, no less important for the preservation of peace than expenditure on defence." In a greater or lesser degree this precept is generally accepted. The differences in opinion relate largely to what government should do. Wilson comes to the conclusion that we must resort principally to changes in government expenditures, i.e., depend on government contributions through deficit spending in depressions. There are much more important things to be done. Business expenditures are not maintained in the downswing for very definite reasons, although these reasons vary from one business cycle to another. The effective control of the business cycle will depend upon assistance in correcting the forces which make expansionary decisions undesirable. The mere filling of the gap by government expenditure is a palliative and at times may even intensify maladjustments which need correcting.

ESSENTIALS OF INDUSTRIAL HEALTH. By C. O. Sappington, M.D. J. B. Lippincott Company, Philadelphia, Penna., 1943. 626 pages. \$6.50. A physician of broad experience expounds his belief that "the next great advances in public health will be made in industry." A comprehensive three-part discussion of the principles of health control includes "Industrial Health Administration," "Industrial Hygiene and Toxicology," and "Industrial Medicine and Traumatic Surgery." The personnel executive will find this book a practical guide to action in the organization of a medical and health service and also a source of pertinent information on mental and physical hygiene, occupational diseases, industrial accidents, workmen's compensation, and related phases of industrial health promotion. Sixty-three illustrations enhance the text.

PUBLICATIONS RECEIVED

Present Savings and Postwar Markets.

By Sumner H. Slichter. McGraw-Hill Book Company, Inc., New York, 1943. 73 pages. \$1.00.

Prevention and Control of Fire Losses:

A Handbook. By Frank L. Ahern. Superintendent of Documents, Washington, D. C., 1943. 53 pages. 10 cents.

Group Riding (War Plant Employee Transportation Booklet Number 2).

National Conservation Bureau, National Association of Manufacturers, New York, 1943. 12 pages. Gratis.

School Services for Children of Working Mothers

(School Children and the War Series, Leaflet No. 1). Superintendent of Documents, Washington, D. C., 1943. 6 pages. 5 cents.

Joint Safety Committees at Work: A

Report of Union Participation (Bulletin No. 61). Superintendent of Documents, Washington, D. C., 1943. 16 pages. 10 cents.

The Effect of War on Business Financing: Manufacturing and Trade,

World War I. By Charles H. Schmidt and Ralph A. Young. National Bureau of Economic Research, Inc., New York, 1943. 95 pages. 50 cents.

Steel Products Manual: Packaging, Marking & Loading Methods for Steel Products for Overseas Shipments.

American Iron and Steel Institute, New York, 1943. 215 pages. \$2.50.

Music in War Plants.

By Wheeler Beckett. War Production Drive Headquarters, War Production Board, Washington, D. C., 1943. 60 pages. Gratis.

Health Education on the Industrial Front: The 1942 Health Education

Conference of the New York Academy of Medicine. Columbia University Press, New York, 1943. 63 pages. \$1.25.

Smaller Business and Post War Industrial Relations.

By John H. Mariano. National Public and Labor Relations Service Bureau, Inc., 110 East 42nd Street, New York, 1943. 40 pages. 60 cents.

Capital Goods Industries and Contract Renegotiation.

Machinery and Allied Products Institute, Chicago, Ill., 1943. 38 pages.

Man-Power Mobilisation for Peace.

International Labour Office, Montreal, Canada, 1943. 78 pages. 25 cents.

Wage Payment and Wage Collection

Laws. Bulletin No. 58, Division of Labor Standards, U. S. Department of Labor, 1943. Available from Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 34 pages. 10 cents.

Monetary Reform Movements: A Survey

of Recent Plans and Panaceas. By Joseph E. Reeve. American Council on Public Affairs, Washington, D. C., 1943. 404 pages. \$3.75 (paper, \$3.25).

A Guide to the Prevention of Weight-Lifting Injuries.

Special Bulletin No. 11, Division of Labor Standards, U. S. Department of Labor, 1943. Available from Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 19 pages. 10 cents.

Fire Losses and Fire Risks.

By Herbert A. Simon, Ronald W. Shephard and Frederick W. Sharp. Bureau of Public Administration, University of California, Berkeley, 1943. 65 pages. \$1.00.

Foreign Trade After the War.

By August Maffry and Hal B. Lary. Economic Series No. 28, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C., 1943. 22 pages. Gratis.

Foremanship Development in Great Britain.

By F. J. Burns Morton. Reprinted from *Engineering*, issues of August 28, September 4, 11, 18 and 25, October 2 and 9, 1942. Institute of Industrial Administration, Artillery House, Artillery Row, London, S.W.1. 16 pages. 1s. 6d.

Industrialists Report on Their Labor-Management Committees.

War Production Drive Headquarters, War Production Board, Washington, D. C., 1943. 38 pages.

Move Up in Your Job.

By Clark C. Stockford. Funk & Wagnalls Company, New York, 1943. 238 pages. \$2.00.

Know Your Typewriter.

Prepared by Eugene L. Dahl. Training Manual No. 1, Division of Personnel Supervision and Management, Federal Security Agency, Washington, D. C., 1943. 35 pages. 10 cents.

Part-Time Employment of Women in Wartime (Special Bulletin No. 13 of the Women's Bureau). Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 17 pages. 10 cents.

Application of the "Little Steel" Formula. Division of Public Information, National War Labor Board, Washington, D. C., 1943. 15 pages.

Industrial Accounting: War and Post-War Problems. National Association of Cost Accountants' Year Book, 1943. National Association of Cost Accountants, New York, 1943. 211 pages. \$3.00.

The Control of Trends in Executive Progress: An Inquiry into the Morale Function of the Chief Executive. By LeRoy H. Kurtz. Available from the author at 1775 Broadway, New York, N. Y. 43 pages. \$2.00.

Internal Auditing: A New Management Technique (A Symposium of Addresses, Discussions and Other Material Developed Under the Direction of The Institute of Internal Auditors). Edited by John B. Thurston. Brock and Wallston, Stamford, Conn., 1943. 450 pages. \$3.50.

Technique of Production Processes. By John Robert Connelly. McGraw-Hill Book Company, Inc., New York, 1943. 430 pages. \$4.00.

Digest of Wartime Loss Prevention for the Industrial Executive: Absenteeism. Loss Prevention Department, Liberty Mutual Insurance Company, Boston, Mass., 1943. 9 pages. Gratis.

Making Money in Stock Trading. Barron's Book Department, Boston, Mass., 1943. 78 pages. \$2.00.

Preparing for High Levels of Employment and Productivity: Handbook for Employers (Preliminary Draft). Prepared by Field Development Division, The Committee for Economic Development, Washington, D. C., 1943. 24 pages. Gratis.

Wartime Nurseries. By Winifred Cobble-dick. Bureau of Public Administration, University of California, Berkeley, Calif., 1943. 44 pages. 50 cents.

Shop Mathematics and Shop Theory: The Chrysler Manual. By John M. Amies, G. Keith Shurtleff and Hughitt G. Moltzau. Harper & Brothers, New York, 1943. 360 pages. \$1.60.

The Impact of Federal Taxes. By Roswell Magill. Columbia University Press, New York, 1943. 218 pages. \$3.00.

Joint Production Committees in Great Britain. International Labor Office, Washington, D. C., 1943. 74 pages. 50 cents.

An Introduction to Managerial Business Statistics. By Harry Pelle Hartkemeier. Thomas Y. Crowell Company, New York, 1943. 207 pages. \$1.75.

Manpower Lost: Absence Makes the War Last Longer. Management-Labor War Manpower Committee, Region 2, War Manpower Commission, New York, April, 1943. 27 pages. Gratis.

Business Filing. By E. D. Bassett and Peter L. Agnew. South-Western Publishing Company, Cincinnati, Ohio, 1943. 168 pages. \$1.00 (with practice outfit, \$2.40).

A Functional Pattern Technique for Classification of Jobs. By Edwin W. Davis. Bureau of Publications, Teachers College, Columbia University, New York, 1942. 128 pages. \$1.85.

Business Law: With Social and Personal Applications. By Robert O. Skar and Benjamin W. Palmer. McGraw-Hill Book Company, Inc., New York, 1942. 478 pages. \$2.50.

Trade and Job Analysis. By Verne C. Fryklund. The Bruce Publishing Company, Milwaukee, Wis., 1942. 167 pages. \$1.75.

Introduction to Foremanship. Edited by H. McFarland Davis for the Institute of Industrial Administration. Macdonald & Evans, 8 John Street, Bedford Row, London, W.C.1, 1942. 200 pages.

Corporate Executives' Compensation (Legal and Business Aspects of Salary and Bonus Plans, Stock Options, Pensions, Indemnity Agreements, and Related Matters). By George Thomas Washington. The Ronald Press Company, New York, 1942. 519 pages. \$7.00.

Excess Profits Taxation. By Kenneth James Curran. American Council on Public Affairs, Washington, D. C., 1943. 203 pages. \$3.00, paper; \$3.50, cloth.